

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7025

BILL NUMBER: SB 391

DATE PREPARED: Apr 9, 1999

BILL AMENDED: Apr 8, 1999

SUBJECT: Obsolete Statutes and School Report Cards, Gary School Board Elections, Other Education Issues.

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill would do the following: **1)** revise the reporting requirements for ISTEP and SAT test scores for school corporation annual performance reports and benchmarks to reflect current test scoring methods and require a public hearing for presentation and discussion of a school's annual performance report; **2)** allow a school corporation to use large type and graphics when publishing the annual performance report and provide a method to compute costs for publication of the report and allow a school corporation to choose whether or not to publish its annual performance report in a qualified publication; **3)** allow a public school principal to appoint assistant or deputy treasurers to assist school treasurers in maintaining school extracurricular accounts and provide that the term "treasurer" include assistant or deputy treasurer appointments; **4)** allow a school corporation to adopt textbooks that do not appear on the state adoption list without seeking a waiver from the Indiana State Board of Education; **5)** repeal the provision requiring a waiver from the Department of Education to adopt a textbook that does not appear on the state adoption list; **6)** require the State Board of Education and the Professional Standards Board to jointly develop and report to the Indiana General Assembly by January 1, 2000, a plan to reimplement the "Academic Study of Religion in Secondary Schools" which was implemented in Indiana during 1978, 1979, and 1980; **7)** provide that the general statute relating to the manner in which the governing body of a school corporation is constituted does not apply to the governing body of the Gary school corporation; **8)** provide that the governing body may reorganize under the general statute after June 30, 2009; **9)** provide standards for election of the members of the governing body of the Gary school corporation on a nonpartisan basis; **10)** provide that the county election board shall impose a civil penalty of \$1,000 on a person that violates the standards; **11)** provide for the election of the seventh member of the governing body who may reside anywhere within the school corporation by all the voters of the school corporation (under current law, the seventh member is appointed by the mayor of Gary); **12)** require a local public question to be placed on the ballot in a special election held at the time of the 2000 primary election asking the voters of the city of Gary whether the members of the library board should be elected by the voters of the city; **13)** prohibit a school principal's performance evaluation from being based in whole on the ISTEP scores of the students who are enrolled at the principal's school; **14)** provide that a person who holds a GED diploma may obtain a high school diploma from the school corporation where the person has residence by passing the graduation

examination under the ISTEP+ program within four years of obtaining the GED diploma, and allows a school corporation to receive state adult education distribution money for adult education programs for GED diploma holders who wish to obtain a high school diploma by passing the graduation examination; and **15**) establish the Preliminary Scholastic Assessment Test (PSAT) program to allow Indiana resident students in grades 10 and 11 in public and private schools and homebased instruction to take the PSAT two times at no cost to the student, and would provide for joint administration of the PSAT program by the Department of Education and the Commission for Higher Education.

This bill would also make conforming changes to related laws by repealing provisions for the following programs that have expired, have not been funded, or are regulated by federal law: A) Inclusion School Pilot Program; B) Teacher Quality and Professional Improvement Program; C) Compulsory Attendance Exception; D) Governor's Scholars Academy; E) Innovative Education Grant Program; F) Art Education Grant Program; G) Committee on Educational Attitudes, Motivation, and Parental Involvement; H) Readiness Testing; I) Student Services Summer Institute; J) Early Childhood, Preschool, and Latch Key Pilot Programs; K) Anti-gang Counseling Pilot Program.

Effective Date: (Amended) Upon Passage, July 1, 1999.

Explanation of State Expenditures: (Revised) **(6)** The Department of Education and the Professional Standards Board would likely experience a minimal increase in administrative time and cost associated with the provisions of this bill. These figures are currently indeterminable.
and administrative actions.

(14) This bill would allow a person who holds a GED to obtain a diploma by passing the examination under ISTEP+ within four years of obtaining the GED. During CY 1997, 17,910 individuals were candidates for the GED. Of this number, 12,998 passed and currently hold a GED. To date, no final data exist for CY 1998.

In accordance with this bill, these 12,998 individuals would be able to take and retake (if necessary) the examination at their school corporation of residence within a four year period of having obtained their respective GEDs. Assuming the number of GED graduates remain constant (as well as the number wanting to take the examination), school corporations could be required to administer the examination to approximately 12,998 new individuals each year (this bill would not require that a school corporation remediate a GED holder who does not pass the examination).

No appropriation is made in this bill, however, it would allow school corporations to use state adult education distribution program money for the purposes of fulfilling the requirements of this bill.

For FY 97/98 and FY98/99, the General Assembly appropriated \$13,500,000 per year to the Department of Education for adult education distribution. Currently, distributions are used to reimburse school corporations for adult education that is provided to persons who need to gain mastery of skills leading to the completion of grade 8 or to the completion of a GED. Distributions are also used to provide high school credit to individuals obtaining a high school diploma, or to provide basic Mathematics and English/Language skills to high school graduates and GED holders.

Depending upon the size of the school corporation, the number of new GED holders within each school corporation, and the failure rate of the examination test takers, the effects of this bill could vary significantly from school corporation to school corporation.

(15) This bill would require the Department of Education and the Commission for Higher Education to administer the Program jointly and to reimburse the test developer for eligible students who take the PSAT under the Program. In addition, it would require the Department and Commission to prepare an annual report concerning the

implementation of the Program, and to submit the report to the State Board of Education (the Board) before December 1 of each year.

This bill would allow the Board and the Commission to adopt rules in order to implement the Program.

For 1998, the Midwestern Regional Office of the College Board reports that 21,108 Indiana Sophomores (representing approximately 27% of all Sophomores enrolled) and 40,332 Indiana Juniors (representing approximately 57% of all Juniors enrolled) from accredited public and non-public schools took the PSAT.

At a cost of \$9.00 per student, the College Board received approximately \$553,000 for the 61,440 certified public and nonpublic Indiana students who took the PSAT in 1998. Usually, the student pays for taking the PSAT, but for 1998, the State Budget Agency authorized a transfer from school tuition support reversions to the Department of Education in order to defray PSAT test taking costs.

HOME BASED SCHOOLING

Currently, for the 1998-99 school year, the reported enrollment for home school Sophomores and Juniors is approximately 1,355 and 1,095, respectively, for a total of 2,450. This bill would require the Department and the Board to reimburse these students for fees associated with taking the PSAT (approximately \$22,050).

Assuming that at least a total of 63,890 (61,440 + 2,450) students were to annually take the PSAT, approximately \$575,000 would be required to fund the provisions of this bill on an annual basis.

This bill makes no appropriation.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) (1 & 2) Provision 1 would reduce the reporting requirements for school corporations regarding the Performance Based Accreditation System. It would also require a public hearing for presentation and discussion of a school's annual performance report. Provision 2 would not result in additional cost to school corporations since the charge for publishing an enhanced report would be regulated by current state law, and would remain proportional to the number of lines of regular reading matter that would have normally occupied the same space in the publication.

(2) The current practice for publishing annual performance reports is for the Department of Education staff to prepare all charts and explanatory texts and to store them in the Department of Education Internet site. DOE also prepares a hard copy of the report and mails them to all school corporations. School corporations are then required to add information on enrollment in the CORE 40 curriculum and vocational education and any additional explanatory text of customization that they wish. To make these additions, school corporations either download the portable document format files off of the Internet site and add information using certain software or else make the changes manually. This edited version is then forwarded to the local newspapers to be printed in the newspaper's classified section.

As proposed by this bill, school corporations would have the choice of either printing the annual performance report in a qualified publication, or publishing a notice stating: 1) that the report is available to the public (free of charge); 2) that the school corporation will provide a copy of the report to any person requesting it (as well as the address and telephone number where a person may request such a report); and 3) that the school corporation will mail or distribute a printed report to the parent or guardians of students attending the school. In addition, a school corporation would be required to provide its Internet address at which the report is available.

PUBLISHING COSTS

A sample of 41 school corporations responded to a question from the Indiana School Boards Association about the costs of publishing the annual report in their local newspaper during 1998. The average cost for these school corporations was \$2,522, with costs ranging from a low of \$75 to a high of \$18,000.

School corporations have not appeared to have added significant amounts of information to the reports that were sent to them from the Department of Education. Thirty six of 41 school corporations indicated that they made little or no additions to the performance report before sending them to the local newspapers.

OFFSETTING COSTS

Under current law, school corporations are required to publish an annual performance report in a qualified publication between September 1 and September 15 of each year (school corporations were first required to publish such a report in 1998). School corporations are required to pay for the costs of publishing performance reports in a qualified publication.

This bill could reduce the costs of publishing an annual performance report in the local newspaper as specified by IC 20-1-21. However, expenditure savings for school corporations opting to publish a notice (instead of publishing an annual performance report) could be offset by costs associated with providing free copies of the report to interested parties in accordance with this bill (school corporations opting to publish their annual performance reports would incur no additional costs).

LARGE TYPE AND GRAPHICS SECTION

For school corporations opting to publish an annual report in a qualified publication, the “large type and graphics section” of this bill would not result in additional cost to school corporations since the charge for publishing an enhanced report would be regulated by current state law, and would remain proportional to the number of lines of regular reading matter that would have normally occupied the same space in the publication.

The effects of this portion of the bill would vary from school corporation to school corporation, and would depend upon local action.

(3) Under current law, public school principals are required to appoint school treasurers to maintain school extracurricular accounts. School treasurers are appointed from existing school personnel, and maintain school extracurricular accounts in addition to their already existing duties at little or no additional cost to the school corporation. Currently, school corporations are not required to report school treasurer compensation figures to the State, therefore, statewide figures are not available at this time.

However, it is estimated that approximately 10% of Indiana’s school corporations compensate their school treasurers for maintaining school extracurricular accounts. If schools within these school corporations appoint assistant or deputy treasurers in accordance with this bill, it is likely that the school corporations would experience a minimal cost increase to compensate its school assistant and deputy treasurers. These figures are currently indeterminable and would vary from school corporation to school corporation.

(4 & 5) These provisions would reduce administrative burdens to school corporations that decide to adopt textbooks not appearing on the state adoption list for textbooks. Cost savings would vary from school corporation to school corporation.

(14) See State Expenditures.

Explanation of Local Revenues: (Revised) (10) A civil penalty of \$1,000 can be imposed by the county election board on a person who violates the election standards established under Provision C. All civil penalties collected under this section shall be deposited with the county treasurer to be deposited by the county treasurer in a separate account to be known as the campaign finance enforcement account.

(12) This provision would likely have a minimal increase in printing costs for the Lake County Elections Board for the primary election held on May 2, 2002. The Lake County Elections Board reports that the city of Gary has 70,972 registered voters as of January 1, 1999.

State Agencies Affected: Department of Education, Professional Standards Board, Commission for Higher Education.

Local Agencies Affected: School Corporations, Gary School Board, Lake County Elections Board.

Information Sources: Bill Riley, Department of Education (317) 232-0509; Terry Spradlin, Department of Education (317) 232-6671; Melinda McKinney, Department of Education 317/232-0522; Stan Mettler, State Board of Accounts (317) 232-2520; Michelle Fajman, Lake County Elections Board (219) 755-3818; Gina Moore, Midwestern Regional Office of the College Board (847) 866-1702; State Budget Agency; State of Indiana List of Appropriations; DOE ORACLE Data Tables; IC 3-9-4-17.